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U. S. Department of Agriculture

EXHIBIT

SCHEDULE OF UNFAIR TRADE PRACTICES AND RESALE PRICES

1. To effectuate the purposes of this License and to aid in the enforcement of the provisions thereof, the sale of the following articles in the Sales Area by distributors at prices below the minimum prices hereinafter set forth is prohibited. Such minimum prices shall be as follows:

| | <u>WHOLESALE</u> | <u>RETAIL</u> |
|--|------------------|---------------|
| | Cents | Cents |
| Milk - _____ per cent or less butterfat | | |
| Gallons | | |
| Quarts | | |
| Pints | | |
| Half Pints | | |
| Milk - more than _____ per cent butterfat | | |
| Gallons | | |
| Quarts | | |
| Pints | | |
| Half Pints | | |
| Cream - _____ per cent or less butterfat | | |
| Gallons | | |
| Quarts | | |
| Pints | | |
| Half Pints | | |
| Cream - _____ to _____ per cent butterfat | | |
| Gallons | | |
| Quarts | | |
| Pints | | |
| Half Pints | | |
| Cream - more than _____ per cent butterfat | | |
| Gallons | | |
| Quarts | | |
| Pints | | |
| Half Pints | | |

operation; provided, however, that any such funds which may remain over from such payments in excess of the cost of operation for any particular delivery period, shall be applied by the Market Administrator in meeting his cost of operation for the succeeding delivery period, and to the extent that it may be practical, the Market Administrator shall waive a portion of such deduction for the succeeding delivery period as hereinabove provided.

*42 - (b) The payments made pursuant to paragraph 2 shall be retained by the Market Administrator in a separate fund and shall be expended by him for the purpose of securing for producers who are not members of Association, market information, supervision of weights and tests, guarantee against failure by distributors to make payments for milk purchased, and other similar benefits; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such funds in such amount as he may determine to such agent or agents for the purpose of securing to such nonmembers the aforementioned benefits, if such benefits to nonmembers may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to such agent or agents, if he determines to do so, only upon the consent of such agent or agents: (a) to keep its or their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its or their books and records, and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided.

*44 - (c) Whenever the Market Administrator has a balance on hand in either of the accounts provided for in subdivisions (a) and (b) of this paragraph, he may distribute such balance, or any part thereof, in an equitable manner, among the producers (including new producers); provided, however, that any such distribution of the balance in the account provided for in subdivision (a) shall be made to all producers (including new producers), and any any such distribution of the balance provided for in subdivision (b) shall be made only to all producers (including new producers) who are not members of Association.

SECTION . The Market Administrator - His Designation, Duties
and Compensation

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him in the License. The Market Administrator so designated shall be subject to removal, at any time, by the Secretary. Before he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary his bond in such amount as the Secretary may determine, with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled: (a) to reasonable compensation, which shall be determined by the Secretary; (b) to borrow money to meet his cost of operation until such time as the first payments are
*50 - made to him pursuant to Section of this Exhibit, which monies shall be repaid out of the payments retained by the Market Administrator pursuant to paragraph 4, subdivision (a), of said Section
*50 - ; and (c) to incur such other expenses, including compensation for persons employed by the Market Administrator as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any licensee or to any other person for errors in judgment, mistakes of fact or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this License. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the distributors and the books and records of the affiliates and subsidiaries of each distributor for the purpose of (1) verifying the reports and information furnished to the Market Administrator by each distributor pursuant to this License and/or (2) in the event of the failure of any distributor to furnish reports or information as required by this License, obtaining the information so required.

SECTION 4. The Market Administrator - His Duties, Powers and Compensation

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him in the Rules. The Market Administrator as designated shall be subject to removal at any time by the Secretary. Before he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary his bond in such amount as the Secretary may determine, with surety satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled: (a) to reasonable compensation which shall be determined by the Secretary; (b) no bonus money to be paid him out of operations until such time as the first payments are made to him pursuant to Section 5 of this Act; (c) when removed, shall be entitled to the payments provided by the Market Administrator Payment to persons engaged in the business of the Market Administrator; (d) no honorarium, including compensation for persons engaged in the business of the Market Administrator as the Market Administrator; (e) no honorarium for the proper conduct of his duties, and the cost of preparing and maintaining his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any licensee or to any other person for errors in judgment, mistakes of fact or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will properly reflect the financial transactions provided for in this license. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the licensees and the books and records of the affiliates and subsidiaries of each licensee for the purpose of (1) verifying the reports and information furnished to the Secretary by each licensee pursuant to this license and (2) in the event of the failure of any licensee to furnish reports or information as required by this license, obtaining the information so required.

Base-Surplus Computation No. I

The following draft of subdivisions to be inserted in connection with paragraph 5 is suitable for a market plan having the following characteristics:

- (a) A base-surplus plan:
- (b) No country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area;
- (c) New producers are taken care of through the 90-day clause.

----- (Cut Here) -----

5. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value, in each class, of all the milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity of milk by hundredweight represented by the delivered bases of all producers as reported pursuant to paragraph 4.
- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4 of all producers excluding new producers, by multiplying such excess quantity of milk by the price provided for in paragraph 1 for Class III milk.
- (d) Compute the total amounts to be paid to new producers by all distributors as reported pursuant to paragraph 4 on the basis of the price set forth in Section F of this Exhibit.
- (e) Compute the total value of the quantity of milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amounts obtained in subdivisions (c) and (d).
- (f) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (e) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

Case-Bureau Commission No. 1

The following table of activities to be inserted in column 2 is subject to a strict plan having the following characteristics:

- (a) A case-by-case plan;
- (b) No country plans and all work is delivered to the district's plans in the State Area;
- (c) New products are taken care of through the 90-day clause.

(Out Rate)

2. With respect to each delivery period, the district shall submit:

Table:

- (a) Compute the total value, in each class, of all the work reported by each and all distributors for each delivery period, on the basis of the amount of work reported in paragraph 1, which computation shall not include work purchased by distributors from other distributors.
- (b) Compute the total quantity of milk by distributorship reported by the district based on all products as reported pursuant to paragraph 1.
- (c) Compute the value of the milk purchased, sold or used by all distributors in each of the four delivery periods as reported pursuant to paragraph 1 of this plan, except excluding new products, by multiplying each district quantity of milk by the price provided for in paragraph 1 of this plan.
- (d) Compute the total amount to be paid to the district by all distributors as reported pursuant to paragraph 1 on the basis of the price set forth in Section 2 of this Exhibit.
- (e) Compute the total value of the quantity of milk reported by the district delivered by all distributors on the basis of the amount obtained in column (c) and (d).
- (f) Compute the planned price for the quantity of milk reported by the district delivered by all distributors by dividing the amount obtained in column (d) by the quantity of milk reported by the district delivered by all distributors as detailed in column (b).

Base-Surplus Computation No. II

The following draft of subdivisions to be inserted in connection with paragraph 5 is suitable for a market plan having the following characteristics:

- (a) A base-surplus plan;
- (b) No country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area;
- (c) New producers are taken care of through the permit clause.

----- (Cut Here) -----

5. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value, in each class, of all the milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity of milk by hundredweight represented by the delivered bases of all producers as reported pursuant to paragraph 4.
- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4 of all producers by multiplying such excess quantity of milk by the price provided for in paragraph 1 for Class III milk.
- (d) Compute the total value of the quantity of milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amount obtained in subdivision (c).
- (e) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (d) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

Case-Surplus Examination No. 11

The following brief of examination is to be conducted in accordance with paragraph 2 of the instructions for a surplus examination. The following are the instructions:

- (a) A case-surplus plan;
- (b) No country plan and all milk is delivered to the U.S. Government; plans in the U.S. plan;
- (c) New products are taken care of through the permit clause.

(Case Data)

2. With respect to each delivery period, the Market Administrator

shall:

- (a) Compute the total value, in each class, of all milk as reported by each and all distributors; such as paragraph 4, on the basis of the price and value in paragraph 4, which computation shall not include milk purchased by distributors from other distributors;
- (b) Compute the total quantity of milk by distributors as reported by the delivered basis of all producers as reported pursuant to paragraph 4;
- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered basis as reported pursuant to paragraph 4 of all producers by multiplying such excess quantity of milk by the price provided for in paragraph 4 of the class of milk;
- (d) Compute the total value of the quantity of milk purchased by the total delivered basis of all producers by subtracting from the amount obtained in subsection (c) the amount obtained in subsection (a);
- (e) Compute the blended value for the quantity of milk represented by the total delivered basis of all producers by dividing the amount obtained in subsection (d) by the quantity of milk represented by the total delivered basis of all producers as determined in subsection (b).

(Transportation and country plant differentials)

*34 - SECTION C. Adjustments in Payments to Producers.

1. All distributors shall be entitled to make the following deductions from the payments to be made to producers
 *35 - (excluding new producers) as provided in Section A:

*36 -

2. Each distributor shall further make the following additional payments to, or be entitled to make the following deductions from, as the case may be, the payments to be made
 *35 - to producers (including new producers) pursuant to Section A:

- (a) If any producer has delivered to any distributor, during any delivery period, milk having an average butterfat content other than per cent, such distributor shall pay to each such producer cents per hundred pounds for each 1/10th of 1 per cent of average butterfat content, or shall be entitled to deduct cents per hundred pounds for each 1/10th of 1 per cent of average butterfat content below per cent.
- (b) Any distributor may, with the prior approval of the Market Administrator, make payments to a producer in addition to the prices provided for in paragraph of Section A, provided that such additional payments are made to all the producers supplying such distributor with milk of similar quality and grade.

- 1 -

SECTION _____, Deductions from Payments to Producers.

- *40 - 1. Each distributor shall deduct _____ cents per hundred-weight from the payments to be made by him pursuant to Section A in regard to all milk delivered to him, and shall pay over such deduction to the Market Administrator simultaneously with making payment to producers for milk purchased.

- Each distributor, who also produces milk which is sold, used or distributed as either Class I, Class II, or Class III milk, shall, on or before the _____ th day after the end of each delivery
- *40 - period, pay to the Market Administrator _____ cents per hundred-weight with respect to all the milk produced by such distributor and sold, used or distributed by him as Class I, Class II or Class III milk during the preceding delivery period.

2. Each distributor shall, in addition, deduct from the payments to be made by him pursuant to Section A in regard to all
- *41 - milk delivered to him by producers who are not members of

- an amount equal to the deductions authorized by the members of
- *42 - Association, for furnishing benefits to such
- *43 - members, which deductions, however, shall in no event exceed _____ cents per hundredweight. Such deductions shall be paid over to the Market Administrator, simultaneously with making payments to producers for milk purchased.

3. The Market Administrator, in his discretion, may at any time waive the foregoing payments, or any part thereof for any delivery period (in which event the deductions for payments so waived shall not be made by the distributors from payments to producers); provided, however, that any such waiver shall be equal (a) among all producers with respect to the amounts paid to the Market Administrator pursuant to paragraph 1 above, and (b) among all producers not members of the Association with respect to the amounts deducted pursuant to paragraph 2 above.

4. The Market Administrator shall maintain separate accounts for the payments made to him pursuant to paragraphs 1 and 2. The Market Administrator shall apportion such monies in the following manner:

(a) The payments made pursuant to paragraph 1 shall be retained by the Market Administrator to meet his cost of

EXHIBIT AMarketing PlanSECTION A. Cost of Milk to Distributors.

1. Each distributor, except as hereinafter provided, shall be obligated to pay, in the manner hereinafter provided,
- the following prices for milk, of per cent butterfat content, which he has purchased from producers (including new
 - *10 - producers as defined in Section of this Exhibit), delivered
 - f.o.b. distributor's plant in the
 - Sales Area:

- Class I - per hundredweight

*11 - Class II -

*12 - Class III -

*13 -

The term "delivery period" shall mean the period from the 1st to, and including, the

*14 -

Section 1

Chapter 1

The first part of the book is devoted to a general introduction to the subject. It discusses the scope and objectives of the study, and outlines the main results. The second part of the book is devoted to a detailed study of the theory of the subject. It discusses the various aspects of the theory, and presents a number of examples. The third part of the book is devoted to a study of the applications of the theory. It discusses the various applications of the theory, and presents a number of examples.

Chapter 2

Section 1

Section 2

Section 3

- 81 -

- 82 -

The first part of the book is devoted to a general introduction to the subject. It discusses the scope and objectives of the study, and outlines the main results. The second part of the book is devoted to a detailed study of the theory of the subject. It discusses the various aspects of the theory, and presents a number of examples. The third part of the book is devoted to a study of the applications of the theory. It discusses the various applications of the theory, and presents a number of examples.

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7. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.

*20 - 8. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator
- and/or
settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

7. Each distributor who is obligated to report pursuant to paragraph of Exhibit A shall within thirty days after the effective date of the License, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk purchased by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations as provided in Exhibit A. Any distributor who commences to do business after the effective date of the License shall, as a condition precedent to engaging in such business, furnish to the Market Administrator a bond in conformity with the foregoing provision.

The Market Administrator may, (a) if satisfied from the investigation of the financial conditions of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b), if, pursuant to a State statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirements of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirement.

*4 -

8. If any provision in this License is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of such provision and of the remainder of this License and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. This License shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary.

11. In the event this License is terminated or amended by the Secretary, any and all obligations which shall have arisen, or which may thereafter arise in connection therewith, by virtue of or pursuant to this License, and any violations of this License which may have occurred prior to such termination or amendment, shall be deemed not to be affected, waived or terminated by reason thereof, unless so expressly provided in the notice of termination of, or the amendment to this License.

7. Each distributor who is obligated to report pursuant to paragraph of Exhibit A shall within thirty days after the effective date of the License, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk purchased by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations as provided in Exhibit A. Any distributor who commences to do business after the effective date of the License shall, as a condition precedent to engaging in such business, furnish to the Market Administrator a bond in conformity with the foregoing provision.

The Market Administrator may, (a) if satisfied from the investigation of the financial conditions of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b), if, pursuant to a State statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirements of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirement.

*4 -

8. If any provision in this License is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of such provision and of the remainder of this License and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. This License shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary.

11. In the event this License is terminated or amended by the Secretary, any and all obligations which shall have arisen, or which may thereafter arise in connection therewith, by virtue of or pursuant to this License, and any violations of this License which may have occurred prior to such termination or amendment, shall be deemed not to be affected, waived or terminated by reason thereof, unless so expressly provided in the notice of termination of, or the amendment to this License.

Blended Price Computation No. I

The following draft of subdivisions to be inserted in connection with paragraph 4 is suitable for a market plan having the following characteristics:

- (a) A blended price for all milk (no base-surplus plan);
- (b) No country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area;
- (c) New producers are taken care of through the 90-day clause.

----- (Cut Here) -----

4. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value in each class of all the milk as reported by each and all distributors pursuant to paragraph 3 on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity by hundredweight of all milk as reported in paragraph 3, excluding (1) milk purchased by distributors from other distributors, and (2) milk delivered by new producers.
- (c) Compute the total amounts to be paid to new producers by all distributors as reported pursuant to paragraph 3 on the basis of the prices set forth in Section F of this Exhibit.
- (d) Compute the total value of the quantity of milk delivered by the producers by subtracting from the amount obtained in subdivision (a) the amount obtained in subdivision (c).
- (e) Compute the blended price by dividing the total value of all milk determined pursuant to subdivision (d) above by the total quantity of milk as determined in subdivision (b) above.

I-4 - Special

Blended Price Computation No. II

The following draft of subdivisions to be inserted in connection with paragraph 4 is suitable for a market plan having the following characteristics:

- (a) A blended price for all milk (no base-surplus plan);
- (b) No country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area;
- (c) New producers are taken care of through the permit clause.

----- (Cut Here) -----

4. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value in each class, of all the milk as reported by each and all distributors pursuant to paragraph 3 on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity by hundredweight of all milk as reported in paragraph 3, which computation shall not include milk purchased by distributors from other distributors.
- (c) Compute the blended price by dividing the total value of all the milk of all the distributors obtained in subdivision (a) above by the total quantity of milk as determined in subdivision (b) above.

Association, benefits such as market information, supervision of weights and tests, guarantee against failure of distributors to make payment for milk purchased and other similar benefits. The

- Market Administrator shall pay over such funds to Association upon the consent of such Association: (a) to keep its books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its books and records, and furnish the Market Administrator such verified reports or such other information as the Market Administrator may, from time to time request; and (c) to disburse such funds in the manner provided above.

- *46 - (c) cents per hundredweight from the payments made to the Market Administrator pursuant to paragraph 1 with respect to the
- *48 - milk delivered by producers not members of Association, shall be retained by the Market Administrator and expended by him for the purpose of securing for such nonmember producers, market information, supervision of weights and tests, guarantee against failure of distributors to make payment for milk purchased and other similar benefits; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such funds in such amount as he may determine to such agent or agents for the purpose of securing to such nonmembers the aforementioned benefits, if such benefits to nonmembers may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to such agent or agents, if he determines to do so, only upon the consent of such agent or agents (a) to keep its or their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its or their books and records, and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided.

- (d) Whenever the Market Administrator has a balance on hand in either of the accounts provided for in subdivisions (a) and (c) of this paragraph, he may distribute such balance, or any part thereof,
- *49 - in an equitable manner, among the producers, (including new producers); provided, however, that any such distribution of the balance in the account provided for in subdivision (a) shall be made to all producers,
- (including new producers), and any such distribution of the balance provided for in subdivision (c) shall be made only to all producers
- (including new producers) not members of Association.

Form B. - Special - (Full deduction to Market Administrator)

- I -

SECTION , Deductions from Payments to Producers.

- *45 - 1. Each distributor shall deduct cents per hundredweight from the payments to be made by him pursuant to Section A in regard to all milk delivered to him by the producers, and pay over such deductions to the Market Administrator simultaneously with making payment to producers for milk purchased.
2. Each distributor, who also produces milk which is sold, used or distributed as either Class I, Class II or Class III milk, shall,
- on or before the th day after the end of each delivery period, pay
*46 - to the Market Administrator cents per hundredweight with respect to all the milk produced by such distributor and sold, used or distributed by him as Class I, Class II, or Class III milk during the preceding delivery period.
3. The Market Administrator, in his discretion, may at any time waive the payment of the foregoing deductions, or any part thereof, (in which event the distributors shall not make the deductions to such extent from their payments to producers), for any delivery period; provided, however, that any such waiver shall be equal among all producers (a) with respect to the amounts to be retained by the Market Administrator to meet his cost of operation, and (b) with respect to the amounts to be used by the Market Administrator for securing benefits to producers.
4. The Market Administrator shall maintain separate accounts for the payments made to him pursuant to paragraphs 1 and 2, depending upon the use of such monies as hereinafter provided. The Market Administrator shall apportion such monies in the following manner:
- *46 - (a) cents per hundredweight from the payments made pursuant to paragraph 1, and the payments made pursuant to paragraph 2 shall be retained by the Market Administrator to meet his cost of operation; provided, however, that any such funds which may remain over from such payments in excess of the cost of operation of the Market Administrator for any particular delivery period, shall be applied by him in meeting his cost of operation for the succeeding delivery period, and to the extent that it may be practical, the Market Administrator shall waive a portion of such payments for the succeeding delivery period as herein in this Section provided.
- *46 - (b) cents per hundredweight from the payments made
*47 - to the Market Administrator pursuant to paragraph 1 with respect to the milk delivered by members of
- shall be paid over to the Market Administra-
*48 - tor to Association. Such payment shall be made
*48 - for the purpose of securing to producers who are members of

2. Class I milk means all milk sold or distributed by
- distributors as whole milk for consumption in the
Sales Area.

- Class II milk means all milk used by distributors to
produce cream for sale or distribution by distributors as cream
- for consumption in the Sales Area.

Class III milk means the quantity of milk purchased,
sold, used or distributed by distributors in excess of Class I
and Class II milk.

- Milk delivered to a distributor by producers during
any delivery period and sold or distributed as milk or cream out-
- side the Sales Area or sold by such
distributor to another distributor (including any person, defined
as such, in the License who sells, uses or distributes such milk
or cream for ultimate consumption in any market with respect to
which no License is in effect pursuant to Section 8 (3) of the Act
covering such purchase from producers and such sale as milk or
cream) shall be accounted for by the first distributor as Class I
or Class II milk, respectively, unless such first distributor, on
or before the date fixed for filing reports with the Market Adminis-
trator for such delivery period, shall furnish to the Market Adminis-
trator proof satisfactory to the Market Administrator that such milk
or cream has been utilized for a purpose other than sale, use or
distribution for ultimate consumption as milk or cream, in which
event such milk or cream shall be classified in accordance with such
other use.

- Any distributor who does not sell or distribute whole
- milk for ultimate consumption in the
Sales Area:

Balances due to the Market Administrator on adjustment accounts with respect to milk purchased during any delivery period shall be paid to the Market Administrator on or before the th day of the following delivery period. Any funds so paid to the Market Administrator shall be paid out by him pro rata, as soon as reasonably possible, among (and to the extent that) those distributors are entitled to receive adjustments.

8. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.

*20 -

9. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator
- and/or
settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

- 5. On or before the th day of each delivery period the Market Administrator shall notify all distributors who have reported pursuant to paragraph 3, of the blended price which all producers are to be paid for the milk delivered to such distributors during the preceding delivery period.

- *17 - Each such distributor shall pay to producers (including new producers) on or before the th day of each delivery period for milk delivered by such producers during the preceding delivery period, subject to adjustments and deductions which are
- *18 - to be made pursuant to Sections and of this Exhibit:

- (a) to producers on the basis of the foregoing blended price; and

- (b) to new producers on the basis of the price provided in Section .
- *10 -

Provided that nothing in this License shall be construed as controlling or restricting any producers' cooperative association with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members.

6. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the total value of the quantity of milk reported as received, sold, distributed or used by such distributor during the preceding delivery period computed pursuant to subdivision (a) of paragraph 4; and

- (b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 3 (excluding milk delivered by other distributors) on the basis of the prices to be paid to producers (and new producers) pursuant to paragraph 5.
- *19 -

- Balances due to the Market Administrator on adjustment accounts with respect to milk purchased during any delivery period
- shall be paid to the Market Administrator on or before the th day of the following delivery period. Any funds so paid to the Market Administrator shall be paid out by him pro rata, as soon as reasonably possible, among (and to the extent that) those distributors are entitled to receive adjustments.

- Each distributor required to report pursuant to paragraph of Section A of Exhibit A shall, in addition to the foregoing information, include in the report submitted by him a statement containing the following information with respect to each calendar month during the years 1933 and 1934 or such portion thereof as such distributor may have distributed or sold milk produced by himself: (a) the total quantity of milk produced by him and sold by him as Class I, Class II, and Class III milk, (b) the average percentage of butterfat in such milk, and (c) the total number of pounds of butterfat in such milk.

3. When bases are established for producers, as hereinabove provided, the Market Administrator shall notify each distributor of the bases of the producers, including those producers who are members
- of the , who are delivering milk to such
*55 - distributor. (Before the expiration of the first 90 days that the milk of a new producer is sold to distributors, the Market Administrator shall notify the distributors of the base of such new producer.)

4. A producer with a base who rents a farm as a tenant may retain his base.

5. A tenant renting a farm may transfer his individual base from farm to farm with an established herd.

6. A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant, if the landlord owns the entire herd on such farm. If the cattle are jointly owned, whether in a landlord and tenant relationship or otherwise, the base will be divided between the joint owners according to the ownership of the cattle.

7. The separate bases of any landlord and his tenant or tenants may be combined and handled as a single base. When the landlord and tenant or tenants separate, the combined bases shall be divided according to the proportion of ownership of the herd.

8. Any producer who voluntarily ceases to market milk for ultimate consumption as whole milk in the Sales Area for a period of more than 45 consecutive days, shall forfeit his base. In the event that he resumes production thereafter, he shall be treated, for the purpose of these rules, as if he were a new producer.

9. Any producer may combine all bases to which he may be entitled hereunder.

10. Any producer whose average daily shipment for any three consecutive months is less than per cent of his base will hereby establish a new base equal to his average daily shipment.

(Transportation and country plant differentials)

*32 - SECTION B. Adjustments in Cost of Milk to Distributors.

Each distributor shall be entitled to make the following deductions from the prices to be paid for milk purchased as provided in paragraph 1 of Section A:

*33 -

Unless the prior written consent of the Market Administrator is obtained for some other basis of computation the adjustments in the cost of milk to distributors made pursuant to this Section, shall be computed on the following basis:

- (a) the milk which was delivered to each distributor at locations in or nearest to the

Sales Area, to the extent necessary to supply each such distributor with the milk sold, distributed or used by him as Class I milk, shall be classified as Class I milk;

- (b) any excess beyond that quantity of milk classified pursuant to subparagraph (a) above, delivered to each distributor at locations in or nearest to the

Sales Area, to the extent necessary to supply each such distributor with the milk sold, distributed or used by him as Class II milk, shall be classified as Class II milk.

*30 - SECTION B - Adjustments in Payments to Producers.

All distributors shall make the following payments in addition to, or be entitled to make the following deductions

*31 - from, the prices to be paid producers (including new producers) pursuant to paragraph 5 of Section A.

- (a) If any producer has delivered to any distributor during any delivery period, milk having an average butterfat content other than per cent, such distributor shall pay to each such producer cents per hundred pounds for each 1/10th of 1 per cent of average butterfat content above per cent, or shall be entitled to deduct cents per hundred pounds for each 1/10th of 1 per cent of average butterfat content below per cent
-
-
-
-
-
- (b) Any distributor may, with the prior approval of the Market Administrator, make payments to producers in addition to the prices provided for in Paragraph of Section A, provided that such additional payments are made to all producers supplying such distributor with milk of similar quality and grade.
-

shall be obligated to account to the Market Administrator for all of his sales of Class I, Class II and Class III milk, at the prices indicated in paragraph 1 of this Section, and each such distributor shall submit reports to the Market Administrator - on or before the th day of each delivery period, containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk produced by such distributor and sold during such delivery period as Class I, Class II and Class III milk.

All the information furnished the Market Administrator, pursuant to this paragraph, shall remain confidential in accordance with the provisions of the General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

4. With respect to each delivery period, the Market Administrator shall:

*16 -

(Note that in non-base-surplus markets there are four situations for which different sets of computations are required. Care should be taken that the form of computation selected contains appropriate language to fit the market facts. Check all references to paragraphs, subdivisions and sections and be certain that the language also fits the appropriate pool plan. The completion of this paragraph 4 should be left to the Dairy Section.)

SECTION . Establishment of Milk Industry Board.

The Secretary may, in his discretion, at any time, establish a Milk Industry Board, which shall have representation of producers, distributors, and the public. In establishing the Milk Industry Board, the Secretary will give due consideration to the recommendations and nominations by various groups of producers, distributors and the public. The Milk Industry Board shall have such duties and powers as the Secretary may, from time to time, delegate to it in order to effectuate the provisions and purposes of this License. The Secretary may further, in his discretion, authorize and direct the Market Administrator to pay over to the Milk Industry Board for the purpose of meeting its general expenses, a portion of the monies paid to the Market Administrator for his

*50 - cost of operation, pursuant to Section of this Exhibit, providing that such portion shall in no event exceed 1/4 cent per hundred pounds of milk for which such payment is made.

- SECTION . New Producers.

1. New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the Sales Area within 90 days prior to the effective date of this License.

During the first 90 days that the milk of any such producer is sold to distributors, or is distributed within the Sales Area, the price to be paid to such producer for all milk delivered by him shall be the Class III price.

*51 -

- *52 - 2. During any emergency period when the normal supply of milk from producers (excluding new producers) is not sufficient to meet the Class I requirements of any distributor, such distributor may, with the prior approval of the Market Administrator, purchase milk of producers whose milk was not being purchased by distributors in the Sales Area within 90 days prior to the effective date of this License; provided, however, that in any such event, the producer selling such milk shall be paid for the same depending upon the ultimate use of such milk and at the prices as provided for in paragraph 1, Section A, and such payments shall not be included in the computation as provided in paragraph 4, Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer.

FORM FOR MILK LICENSES

These forms are adaptable to a wide variety of market conditions and are designed to serve as a guide to those people charged with the responsibility of preparing milk licenses for specific markets for consideration by the Agricultural Adjustment Administration.

Special care should be given each section of the forms as to the manner in which each such section fits into the marketing program for the particular market. In markets where the base-surplus plan is followed in paying producers, it is necessary to modify Exhibit A and to add an Exhibit governing the establishment and transfer of bases for individual producers. Separate forms are provided for this purpose. Proper adjustments are to be made in Exhibit A for markets operating country receiving stations. The schedule of minimum wholesale and retail prices is to be used only where distributors are important producers of milk. These forms will be found helpful in preparing Milk Marketing Agreements. No milk agreement or license, however, regardless of its form, can be made effective under the Agricultural Adjustment Act until such agreement or license is approved and signed by the Secretary of Agriculture.

Members of the Dairy Section are prepared to assist in the preparation of both milk marketing agreements and licenses and to counsel as to the use of such agreements and licenses. The Agricultural Adjustment Administration reserves the right to make changes, additions, omissions or substitutions in these forms.

Prepared

by the

Agricultural Adjustment Administration
Washington, D. C.

LICENSE FOR MILK

SALES AREA

WHEREAS, it is provided by Section 8 of the Act as follows:

"Section 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power --

"(3) To issue licenses permitting processors, associations of producers and others to engage in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof, or any competing commodity or product thereof. Such licenses shall be subject to such terms and conditions, not in conflict with existing Acts of Congress or regulations pursuant thereto, as may be necessary to eliminate unfair practices or charges that prevent or tend to prevent the effectuation of the declared policy and the restoration of normal economic conditions in the marketing of such commodities or products and the financing thereof. * * *

"(4) To require any licensee under this section to furnish such reports as to quantities of agricultural commodities or products thereof bought and sold and the prices thereof, and as to trade practices and charges, and to keep such systems of accounts, as may be necessary for the purpose of part 2 of this title;" and

WHEREAS, the Secretary has determined to issue licenses as hereinafter provided, pursuant to Section 8 (3) of said Act; and

WHEREAS, the Secretary finds that the marketing of milk for
- distribution in the Sales Area and the distribution thereof are entirely in the current of interstate commerce because the said marketing and distribution are partly interstate and partly intrastate commerce and so inextricably intermingled that said interstate commerce portion cannot be effectively regulated or licensed without licensing that portion which is intrastate commerce;

NOW, THEREFORE, the Secretary of Agriculture, acting under the authority vested in him as aforesaid;

Hereby licenses each and every distributor to engage in the business of distributing, marketing or handling milk or cream as a
- distributor in the Sales Area, subject to the following terms and conditions:

Permit - Special

- SECTION . New Producers.

1. New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the Sales Area within 90 days prior to the effective date of this License.

No distributor shall hereafter purchase milk from any new producer unless the distributor shall first obtain a permit by making due written application to the Market Administrator authorizing him to purchase such milk. The Market Administrator shall render his decision in connection with such application, within two weeks after the filing of the application. The Market Administrator, in determining whether or not to issue such permit, shall ascertain whether its issuance will tend to prevent the effectuation of the policy of the Act or of the purpose of this License. In the event that any distributor is denied such permit after having made such written application to the Market Administrator, the producer or the distributor shall have the right of immediate appeal to the Secretary.

*53 -

- *52 - 2. During any emergency period when the normal supply of milk from producers (excluding new producers) is not sufficient to meet the Class I requirements of any distributor, such distributor may, with the prior approval of the Market Administrator, purchase milk of producers whose milk was not being purchased by distributors in the Sales Area within 90 days prior to the effective date of this License; provided, however, that in any such event, the producer selling such milk shall be paid for the same depending upon the ultimate use of such milk and at the prices as provided for in paragraph 1, Section A, and such payments shall not be included in the computation as provided in paragraph 4, Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer.

- (a) shall not be subject to any of the terms or provisions of this Exhibit, with respect to milk purchased from producers who do not have any part of their milk sold or distributed as Class I milk by any distributor, but
- (b) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 3 hereof, which information shall be kept confidential as provided in such paragraph.

- 3. (a) On or before the th day of each delivery period each distributor, to whom milk was delivered during the preceding delivery period by producers who are not also distributors, shall report to the Market Administrator in a manner prescribed by the Market Administrator:

*15 -

- (1) the actual deliveries (at each location) of the producers (and new producers) supplying such distributor;
- (2) the actual deliveries, if any, made to him by other distributors;
- (3) the quantities of milk delivered which were sold, used or distributed by him as Class I, Class II and Class III milk, respectively; and
- (4) such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) Each distributor who produces milk distributed by him as whole milk or cream and who either

- (1) sells part of the milk produced by him to other distributors (other than those who operate only stores or other similar establishments) or to manufacturing plants, or
- (2) purchases milk from other producers or distributors for distribution as whole milk or cream, or
- (3) whose average daily sales of milk, cream, or products thereof during any delivery period exceed the equivalent of 250 pounds of milk,

Base-Surplus Computation No. IV

The following draft of subdivisions to be inserted in connection with paragraph 5 is suitable for a market plan having the following characteristics:

- (a) A base-surplus plan;
- (b) Country plants operated by distributors so that freight charges are to be made;
- (c) New producers are taken care of through the permit clause.

----- (Cut Here) -----

5. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value, in each class, of all the milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, making the appropriate adjustments as provided in Section B, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity of milk by hundredweight represented by the delivered bases of all producers as reported pursuant to paragraph 4.
- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4 of all producers by multiplying such excess quantity of milk by the price provided for in paragraph 1 for Class III milk.
- (d) Compute the total value of the milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amount obtained in subdivision (c).
- (e) Compute the total adjusted value of the quantity of milk represented by the total delivered bases of all producers as reported by the distributors pursuant to paragraph 4, by adding to the total value of such milk as computed pursuant to subdivision (d) the adjustments provided for in Section C (1).
- (f) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (e) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

EXHIBIT B

*54 -

RULES FOR ESTABLISHMENT OF BASES

1. For the purposes of the License, the term "established base" as used in respect to any producer, farm, or herd, as the case may be, shall mean:

- (a) In the case of producers who are members of _____, the quantity of milk recorded as such bases in the files and records of the _____; provided, that such association has given the Market Administrator access to such files and records.
- (b) In the case of producers who are not members of the _____, bases shall be allotted by the Market Administrator, which bases shall be equitable as compared with the bases established pursuant to subdivision (a) above.
- (c) The Market Administrator may make such revisions in the bases of any and all producers as he may, from time to time, deem necessary or advisable, to the end that such bases may be equitable as among producers and that the total of all established bases may, so far as practical, be equal to the total quantity of milk sold or used by distributors as Class I and Class II milk.

2. Every distributor shall, within ten days of the effective date of this License, submit to the Market Administrator written reports, verified under oath, containing the following information (1) with respect to each producer who has delivered milk to such distributor, and (2) for each calendar month during the years of 1933 and 1934 or such portion thereof as the producer may have delivered milk:

- (a) The total pounds of delivered milk.
- (b) The average percentage of butterfat in such delivered milk.
- (c) The total pounds of butterfat in such delivered milk.

I-4 - Special

Blended Price Computation No. IV

The following draft of subdivisions to be inserted in connection with paragraph 4 is suitable for a market plan having the following characteristics:

- (a) A blended price for all milk (no base-surplus plan);
- (b) Country plants operated by distributors so that freight charges are to be made.
- (c) New producers are taken care of through the permit clause.

----- (Cut Here) -----

4. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value, in each class, of all the milk as reported in paragraph 3 by each and all distributors pursuant to paragraph 3 on the basis of the prices set forth in paragraph 1, making the appropriate adjustments as provided in Section B, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity by hundredweight of all milk as reported in paragraph 3, which computation shall not include milk purchased by distributors from other distributors.
- (c) Compute the adjusted total value of the quantity of milk delivered by producers as reported in paragraph 3 by each and all distributors by adding to the total value of such milk computed pursuant to subdivision (a) above the adjustments provided for in Section C (1).
- (d) Compute the blended price by dividing the adjusted total value of all the milk of all the distributors obtained in subdivision (c) above by the total quantity of milk as determined in subdivision (b) above.

2. The foregoing price schedule is without prejudice to the right of any distributor who asserts that such minimum prices are in excess of the prices necessary to accomplish the purposes set forth in paragraph 1 of this Exhibit, to a hearing on the question of a modification of amendment of this License, in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

3. The foregoing minimum prices shall not be applicable to any sales to any public unemployment relief agency (whether local, state, or federal), to any private unemployment relief agency co-operating with or accredited by any public unemployment relief agency, to any charitable institution or agency, to any hospital in connection with its charitable operations or to any government agency (whether local, state, or federal) when such sales are upon competitive bids.

4. No distributor, or its officers, employees, or agents, shall employ any method or device whereby any article is sold or offered for sale at below the foregoing minimum prices, whether by discount, rebate, redeemable certificate, stamps or tickets, free services or merchandise, credit for articles returned, loans or credit outside the usual course of business, or combining prices for such articles together with another commodity sold, or by subsidy given for business or assistance in procuring business.

EXHIBIT A

Marketing Plan

SECTION A. Cost of Milk to Distributors.

1. Each distributor, except as hereinafter provided, shall be obligated to pay, in the manner hereinafter provided, the following prices for milk, of per cent butterfat content, which he has purchased from producers (including new producers as defined in Section of this Exhibit), delivered f.o.b. distributor's plant in the Sales Area:

- Class I - per hundredweight.
- *11 - Class II -
- *12 - Class III -
- *13 -

The term "delivery period" shall mean the period from the 1st to, and including, the

*14 -

Blended Price Computation No. III

The following draft of subdivisions to be inserted in connection with paragraph 4 is suitable for a market plan having the following characteristics:

- (a) A blended price for all milk (no base-surplus plan);
- (b) Country plants operated by distributors so that freight charges are to be made;
- (c) New producers are taken care of through the 90-day clause.

----- (Cut Here) -----

4. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value in each class of all the milk as reported by each and all distributors pursuant to paragraph 3 on the basis of the prices set forth in paragraph 1, making the proper adjustments as provided in Section B, which computation shall not include milk purchased by distributors from other distributors.
- (b) Compute the total quantity by hundredweight of all milk as reported in paragraph 3, excluding (1) milk purchased by distributors from other distributors, and (2) milk delivered by new producers.
- (c) Compute the total amounts to be paid to new producers by all distributors as reported pursuant to paragraph 3 and on the basis of the prices as provided in Section G of this Exhibit.
- (d) Compute the total value of the quantity of milk delivered by the producers (excluding new producers) by subtracting from the amount obtained in subdivision (a) the amount obtained in subdivision (c).
- (e) Compute the total adjusted value of the quantity of milk delivered by producers (excluding new producers) as reported in paragraph 3 by each and all distributors by adding to the total value of such milk computed pursuant to subdivision (d) the adjustments provided for in Section C (1).
- (f) Compute the blended price by dividing the total adjusted value of all milk determined pursuant to subdivision (e) above by the total quantity of milk as determined in subdivision (b) above.

3. No distributor shall purchase milk from any producer unless such producer authorizes such distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, on and in accordance with forms of reports to be supplied by him, for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this License and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this License are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms of reports, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

5. No distributor shall purchase milk or cream from, or process or distribute milk or cream for, or sell milk or cream to, any other distributor of whom he has notice that such other distributor is violating any provision of this License, without first reporting such violation to the Market Administrator.

6. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the powers provided in this License to be exercised by the Secretary.

7. Each distributor shall within thirty days after the effective date of the License, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk purchased by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations as provided in Exhibit A.

The Market Administrator may, (a) if satisfied from the investigation of the financial condition of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b) if, pursuant to a State statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirement of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirement.

*4 -

8. If any provision in this License is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of such provision and of the remainder of this License and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. This License shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary.

11. In the event this License is terminated or amended by the Secretary, any and all obligations which shall have arisen, or which may thereafter arise in connection therewith, by virtue of or pursuant to this License, and any violations of this License which may have occurred prior to such termination or amendment, shall be deemed not to be affected, waived or terminated by reason thereof, unless so expressly provided in the notice of termination of, or the amendment to this License.

2. Class I milk means all milk sold or distributed by
- distributors as whole milk for consumption in the
Sales Area.

Class II milk means all milk used by distributors to
produce cream for sale or distribution by distributors as cream
- for consumption in the Sales Area.

Class III milk means the quantity of milk purchased,
sold, used or distributed by distributors in excess of Class I
and Class II milk.

Milk delivered to a distributor by producers during any
delivery period and sold or distributed as milk or cream outside the
Sales Area or sold by such distributor
- to another distributor (including any person, defined as such, in
the License and any person who sells, uses, or distributes such milk
in any form in any market with respect to which no License has been
issued pursuant to Section 8 (3) of the Act) shall be accounted for
by the first distributor as Class I or Class II milk, respectively,
unless the first distributor, on or before the date fixed for filing
reports with the Market Administrator for such delivery period shall
furnish to the Market Administrator proof satisfactory to the Market
Administrator that such milk or cream has been utilized for a purpose
other than sale, use or distribution for ultimate consumption as
milk or cream, in which event such milk or cream shall be classified
in accordance with such other use.

Any distributor who does not sell or distribute whole milk
- for ultimate consumption in the
Sales Area may purchase milk from producers who do not have estab-
lished bases. Such distributors

(a) shall not be subject to any of the terms or
provisions of this Exhibit, with respect to milk
purchased from producers who do not have estab-
lished bases; but

For Base-Surplus Markets

(b) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 4 hereof, which information shall be kept confidential in the manner provided in such paragraph.

3. The established base for each producer shall be the quantity of milk allotted to such producer in accordance with the provisions of Exhibit B.

The delivered base for each producer shall be that quantity of milk delivered by such producer to distributors which is not in excess of the established base of such producer.

The delivered base for each distributor required to report pursuant to paragraph 4 (b) shall be the quantity of milk produced by such distributor and sold, used or distributed by him as Class I, Class II and Class III milk which is not in excess of the established base of such distributor.

- 4. (a) On or before the th day of each delivery period each distributor to whom milk was delivered during the preceding delivery period by producers who are not also distributors shall report to the Market Administrator in a manner prescribed by the Market Administrator:

*15 -

- (1) The actual deliveries (at each location) of the producers (and new producers) supplying such distributor, the total quantity of milk represented by the delivered bases of all such producers, and the total quantity of milk represented by the excesses over delivered bases of all such producers;
- (2) The actual deliveries, if any, made to him by other distributors;
- (3) The quantities of milk delivered which were sold, used or distributed by him as Class I, Class II and Class III milk, respectively; and
- (4) Such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) Each distributor who produces milk distributed by him as whole milk or cream and who either

- (1) sells part of the milk produced by him to other distributors (other than those who operate only stores or other similar establishments) or to manufacturing plants, or
- (2) purchases milk from other producers or distributors for distribution as whole milk or cream, or
- (3) whose average daily sales of milk, cream, or products thereof, during any delivery period exceed the equivalent of 250 pounds of milk,

shall be obligated to account to the Market Administrator for all of his sales of Class I, Class II and Class III milk at the prices indicated in paragraph 1 of this Section, and each such distributor shall submit reports to the Market Administrator on or before the - th day of each delivery period, containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk produced by such distributor and sold during such delivery period as Class I, Class II and Class III milk, indicating the quantity of such milk represented by his delivered base.

All information furnished the Market Administrator pursuant to this paragraph shall remain confidential in accordance with the provisions of the applicable General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

II-5

For Base-Surplus Markets

5. With respect to each delivery period, the Market Administrator shall:

*85-

(Note that in base-surplus markets there are four situations for which different sets of computations are required. Care should be taken that the computation form selected contains appropriate language to fit the market facts. Check all references to paragraphs, subdivisions and sections and be certain that the language fits the appropriate pool plan. The completion of this paragraph 5 should be left to the Dairy Section.)

I

As used in this License, the following words and phrases shall be defined as follows:

A. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk in conformity to the applicable health requirements of the Sales Area for milk to be sold for consumption as whole milk in the Sales Area.

B. "Distributor" means any of the following persons, irrespective of whether any such person is a producer or an association of producers, wherever located or operating, whether within or without the Sales Area, engaged in the business of distributing, marketing, or in any manner handling, in whole or in part, whole milk or cream for ultimate consumption in the Sales Area:

1. Persons

- (a) who pasteurize, bottle or process milk or cream;
- (b) who distribute milk or cream at wholesale or retail (1) to hotels, restaurants, stores or other establishments for consumption on the premises, (2) to stores or other establishments for resale, or (3) to consumers;
- (c) who operate stores or other establishments selling milk or cream at retail for consumption off the premises.

2. Persons who purchase, market or handle milk or cream for resale in the Sales Area.

C. "the corporate limits of within the following

Sales Area" means the territory within and the territory

1. 1911

2. 1912

3. 1913

4. 1914

5. 1915

6. 1916

7. 1917

8. 1918

9. 1919

10. 1920

11. 1921

D. "Secretary" means the Secretary of Agriculture of the United States.

E. "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.

F. "Person" means individual, partnership, corporation, association or any other business unit.

G. "Subsidiary" means any person of, or over whom or which, a distributor or an affiliate of a distributor has, or several distributors collectively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

H. "Affiliate" means any person and/or any subsidiary thereof, who or which has, either directly or indirectly, actual or legal control of or over a distributor, whether by stock ownership or in any other manner.

I. "Books and records" means books, records, accounts, contracts, memoranda, documents, papers, correspondence or other data pertaining to the business of the person in question.

J. "Market Administrator" means the person designated pursuant to Exhibit A, which is attached hereto and made a part hereof.

II

1. The schedule governing the prices at which, and the terms and conditions under which, distributors shall purchase and/or accept delivery of milk from producers, shall be that set forth in Exhibit A. Any contract or agreement entered into between any distributor and producer, prior to the effective date of this License, covering the purchase and/or delivery of milk, shall be deemed to be superseded by the terms and provisions of this License in so far as such contract or agreement is inconsistent with any provision hereof.

- *2 - 2. No distributor shall purchase milk from producers except:
- the (a) those producers whose milk was being purchased by distributors in Sales Area within 90 days prior to the effective date of this License; and (b) new producers, pursuant to the provisions of Exhibit A.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the various methods used to collect and analyze data, ensuring that the information is reliable and up-to-date.

2. The second part of the document focuses on the financial aspects of the organization. It provides a detailed breakdown of the budget, including income and expenses, and discusses the strategies implemented to manage the funds effectively. This section also highlights the role of the finance department in ensuring that the organization remains financially sound and sustainable.

3. The third part of the document addresses the operational challenges faced by the organization. It identifies the key areas where improvements are needed and outlines the steps being taken to address these issues. This section also discusses the importance of communication and collaboration between different departments to ensure that the organization is able to meet its goals and objectives.

4. The fourth part of the document discusses the future plans of the organization. It outlines the long-term vision and the specific actions that will be taken to achieve this vision. This section also discusses the importance of innovation and research in driving the organization forward and ensuring that it remains competitive in the market.

5. The fifth part of the document discusses the role of the organization in the community. It highlights the various initiatives and programs that the organization has implemented to support the local community and promote social development. This section also discusses the importance of corporate social responsibility and the role of the organization in creating a positive impact on society.

*5 -

IN WITNESS WHEREOF, I, _____, Secretary of
Agriculture, do hereby issue this License in the City of Washington,
District of Columbia, on this _____ day of _____, 1934,
and pursuant to the provisions hereof, declare this License to be
effective on and after 12:01 A. M., Eastern Standard Time,
_____, 1934.

Secretary of Agriculture



For Base-Surplus Markets

- 6. On or before the th day of each delivery period the Market Administrator shall notify all distributors who have reported pursuant to paragraph 4, of the blended price as determined above and of the Class III price as provided for in paragraph 1 above.

- *27 - Each such distributor shall pay to producers (including new producers) on or before the th day of each delivery period for milk delivered by such producers during the preceding delivery period subject to adjustments and deductions which are to be made
- *18 - pursuant to Sections and of this Exhibit:

- (a) to producers at the blended price for the quantity of milk delivered by each producer represented by such producer's delivered base; and
- (b) to producers at the Class III price for the quantity of milk delivered by such producers in excess of such producers' delivered bases;

- *10 - (c) to new producers at the price provided in Section

Provided that nothing in this License shall be construed as controlling or restricting any producers' cooperative association with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members.

7. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the total value of the quantity of milk reported as received, sold, distributed or used by such distributor during the preceding delivery period computed pursuant to subdivision (a) of paragraph 5; and
- (b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 4 (excluding milk delivered by other distributors) on the basis of the prices to be paid to producers (and new producers) pursuant to paragraph 6.

*19 -

1890. The first of the year was a very dry one, and the crops were much injured. The weather was very hot, and the crops were much injured. The weather was very hot, and the crops were much injured.

The second of the year was a very wet one, and the crops were much injured. The weather was very cold, and the crops were much injured. The weather was very cold, and the crops were much injured.

The third of the year was a very dry one, and the crops were much injured. The weather was very hot, and the crops were much injured. The weather was very hot, and the crops were much injured.

The fourth of the year was a very wet one, and the crops were much injured. The weather was very cold, and the crops were much injured. The weather was very cold, and the crops were much injured.

The fifth of the year was a very dry one, and the crops were much injured. The weather was very hot, and the crops were much injured. The weather was very hot, and the crops were much injured.

The sixth of the year was a very wet one, and the crops were much injured. The weather was very cold, and the crops were much injured. The weather was very cold, and the crops were much injured.

The seventh of the year was a very dry one, and the crops were much injured. The weather was very hot, and the crops were much injured. The weather was very hot, and the crops were much injured.

The eighth of the year was a very wet one, and the crops were much injured. The weather was very cold, and the crops were much injured. The weather was very cold, and the crops were much injured.

The ninth of the year was a very dry one, and the crops were much injured. The weather was very hot, and the crops were much injured. The weather was very hot, and the crops were much injured.

The tenth of the year was a very wet one, and the crops were much injured. The weather was very cold, and the crops were much injured. The weather was very cold, and the crops were much injured.

For Base-Surplus Markets

Balances on adjustment accounts for each delivery period shall be settled with the Market Administrator on or before the - th day of the following delivery period. Any funds so paid to the Market Administrator shall be paid out by him pro rata as soon as reasonably possible among (and to the extent that) those distributors are entitled to receive adjustments.

8. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.

*20 - 9. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and - tests determined by the Market Administrator and/or , settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

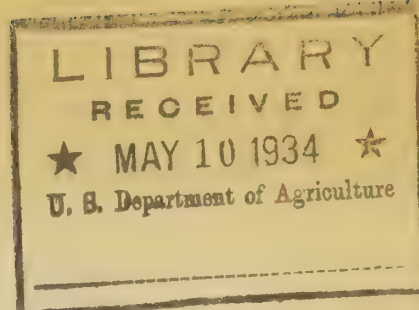
My dear Mr. [Name],
I have just received your letter of the 10th inst. and am
glad to hear that you are well. I am at present
in the hospital and am unable to do much work at
present. I am, however, recovering and hope to be
able to return to my duties in a few days.

I am very sorry to hear that you are
unwell. I hope you will soon be able to
return to your work. I am at present
in the hospital and am unable to do much work
at present. I am, however, recovering and hope to
be able to return to my duties in a few days.

I am very sorry to hear that you are
unwell. I hope you will soon be able to
return to your work. I am at present
in the hospital and am unable to do much work
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be able to return to my duties in a few days.

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unwell. I hope you will soon be able to
return to your work. I am at present
in the hospital and am unable to do much work
at present. I am, however, recovering and hope to
be able to return to my duties in a few days.

U.S. Agric. Adjustment Admin.
Exhibit - Schedule of
milk prices
and cream prices



I-3

- (a) shall not sell cream to other distributors for distribution and ultimate consumption in the Sales Area at a price less than the price at which such distributor sells similar cream for distribution and ultimate consumption nearest the location where milk is processed into such cream by such distributor, plus the reasonable cost of transporting such cream to the Sales Area;
- (b) shall not be subject to any of the terms or provisions of this Exhibit except as set forth in subdivision (a) above, with respect to milk purchased from producers who do not have any part of their milk sold or distributed as Class I milk by any distributor, but
- (c) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 3 hereof, which information shall be kept confidential in the manner provided in such paragraph.

3. (a) On or before the th day of each delivery period each distributor, to whom milk or cream was delivered during the preceding delivery period by (1) producers (who are not also distributors) and/or (2) distributors (other than those who operate only stores or other similar establishments), shall report to the Market Administrator with respect to milk delivered during such delivery period in a manner prescribed by the Market Administrator:

*15 -

- (1) the actual deliveries (at each location) of the producers (and new producers) supplying such distributor;
- (2) the actual deliveries, if any, made to him by other distributors;
- (3) the quantities of milk delivered which were sold, used or distributed by him as Class I, Class II and Class III milk, respectively; and
- (4) such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

- SECTION . The Market Administrator - His Designation, Duties and Compensation.

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him pursuant to the License. The Market Administrator so designated shall be subject to removal, at any time, by the Secretary. Within forty-five (45) days following the date upon which he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary a bond in such amount as the Secretary may determine, with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled: (a) to reasonable compensation, which shall be determined by the Secretary; (b) to borrow money to meet his cost of operation until such time as the first payments are made
*50 - to him pursuant to Section of this Exhibit, which monies shall be repaid out of the payments retained by the Market Administrator pursuant to paragraph 4, subdivision (a), of said Section ; and (c)
*50 - to incur such other expenses, including compensation for persons employed by the Market Administrator as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any licensee or to any other person for errors in judgment, mistakes of fact or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this License. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the distributors and the books and records of the affiliates and subsidiaries of each distributor for the purpose of (1) verifying the reports and information furnished to the Market Administrator by each distributor pursuant to this License and/or (2) in the event of the failure of any distributor to furnish reports or information as required by this License, obtaining the information so required.

2. Class I milk means all milk sold or distributed by
- distributors as whole milk for consumption in the
Sales Area.

- Class II milk means all milk used by distributors to
produce cream for sale or distribution by distributors as cream
- for consumption in the Sales Area.

Class III milk means the quantity of milk purchased,
sold, used or distributed by distributors in excess of Class I
and Class II milk.

- Milk delivered to a distributor by producers during
any delivery period and sold or distributed as milk or cream out-
- side the Sales Area or sold by such
distributor to another distributor (including any person who sells,
uses or distributes such milk or cream for ultimate consumption in
any market with respect to which no License is in effect pursuant
to Section 8 (3) of the Act covering such purpose from producers
and such sale as milk or cream) shall be accounted for by the first
distributor as Class I or Class II milk, respectively, unless such
first distributor, on or before the date fixed for filing reports
with the Market Administrator for such delivery period, shall fur-
nish to the Market Administrator proof satisfactory to the Market
Administrator that such milk or cream has been utilized for a purpose
other than sale, use or distribution for ultimate consumption as
milk or cream, in which event such milk or cream shall be classified
in accordance with such other use.

- Any distributor who does not sell or distribute whole
- milk for ultimate consumption in the
Sales Area:

7. Each distributor who is obligated to report pursuant to paragraph of Section A of Exhibit A shall within thirty days after the effective date of this License, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk purchased or handled by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations as provided in Exhibit A. Any distributor who commences to do business after the effective date of this License shall, as a condition precedent to engaging in such business, furnish to the Market Administrator a bond in conformity with the foregoing provision.

The Market Administrator may, (a) if satisfied from the investigation of the financial condition of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b), if, pursuant to a State statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirements of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirement.

Each distributor who is unable to meet the requirements of the foregoing provisions, shall make periodic deposits with the Market Administrator at such times, in such amounts, and in such manner as the Market Administrator may determine to be necessary in order to secure the fulfillment of such distributor's obligations as provided in Exhibit A.

8. If any provision in this License is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of such provision and of the remainder of this License and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. This License shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary.

Each distributor required to report pursuant to paragraph 4 of Section A of Exhibit A shall, in addition to the foregoing information, include in the report submitted by him a statement containing the following information with respect to each calendar month during the years 1933 and 1934 or such portion thereof as such distributor may have distributed or sold milk produced by himself: (a) the total quantity of milk produced by him and sold by him as Class I, Class II, and Class III milk, (b) the average percentage of butterfat in such milk, and (c) the total number of pounds of butterfat in such milk.

4. When bases are established for producers, as hereinabove provided, the Market Administrator shall notify each distributor of the bases of the producers, including those producers who are members
- of the
*55 - who are delivering milk to such distributor. (Before the expiration
*50A- of the first full delivery periods that the milk of a new producer is sold to distributors, the Market Administrator shall notify the distributors of the base of such new producer).

5. A producer with a base, whether landlord or tenant, may retain his base when moving his entire herd from one farm to another farm.

6. A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant, if the landlord owns the entire herd. Likewise, the tenant who rents on shares is entitled to the entire base to the exclusion of the landlord if the tenant owns the entire herd. If the cattle are jointly owned by tenant and landlord, the base shall be divided between the joint owners according to the ownership of the cattle if and when such joint owners terminate the tenant-landlord relationship.

7. Any producer who voluntarily ceases to market milk pursuant to the terms and provisions of this License for a period of more than
- consecutive days shall forfeit his base. In the event that he thereafter commences to market milk pursuant to the terms and provisions of this License, he shall be treated for the purposes of these rules as if he were a new producer.

8. Any producer may relinquish his base at any time. In the event, thereafter, such producer requests the Market Administrator to allot him a base, he shall be treated for the purpose of these rules as if he were a new producer.

9. A base may be transferred by the Market Administrator from a producer to a person who has no base, upon the transfer of the producer's entire herd to such person.

10. Any producer whose average monthly delivery of milk for any
- three consecutive months is less than per cent of his base will thereby establish a new base equal to such average monthly delivery.

- SECTION

New Producers.

1. New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the Sales Area within 90 days prior to the effective date of this License.

2. Each distributor upon first receiving milk from any producer shall immediately report to the Market Administrator (1) the name of such producer, (2) the date on which such producer's milk was first received, and (3) whether or not such producer is a new producer.

3. Each distributor shall pay to each new producer for all milk delivered by or handled for such new producer from the date *50A - when milk is first received to the end of the full delivery period after such date (excluding any emergency period during which such producer receives payment pursuant to paragraph 4 hereof), the Class III price set forth in paragraph 1 of Section A.

*51 -

*52 - 4. During any emergency period when the normal supply of milk from producers (excluding new producers) is not sufficient to meet the Class I requirements of any distributor, such distributor, with the prior approval of the Market Administrator, may pay for milk purchased from new producers at the prices provided in paragraph 1 of Section A, depending on the ultimate use of such milk, in which event such payments shall not be included in the computations as provided in paragraph 1, Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer.

(a) shall not sell cream to other distributors for distribution and ultimate consumption in the Sales Area at a price less than the price at which such distributor sells similar cream for distribution and ultimate consumption nearest the location where milk is processed into such cream by such distributor, plus the reasonable cost of transporting such cream to the Sales Area;

(b) shall not be subject to any of the terms or provisions of this Exhibit except as set forth in subdivision (a) above, with respect to milk purchased from producers who do not have any part of their milk sold or distributed as Class I milk by any distributor, but

(c) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 3 hereof, which information shall be kept confidential in the manner provided in such paragraph.

3. (a) On or before the th day of each delivery period each distributor, to whom milk was delivered during the preceding delivery period by (1) producers (who are not also distributors) and/or (2) distributors (other than those who operate only stores or other similar establishments), shall report to the Market Administrator with respect to milk delivered during such delivery period in a manner prescribed by the Market Administrator:

- *15 - (1) the actual deliveries (at each location) of the producers (and new producers) supplying such distributor;
- (2) the actual deliveries, if any, made to him by other distributors;
- (3) the quantities of milk delivered which were sold, used or distributed by him as Class I, Class II and Class III milk, respectively; and
- (4) such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.



- 6. On or before the th day of each delivery period the Market Administrator shall notify all distributors who have reported pursuant to paragraph 4, of the blended price as determined above and of the Class III price as provided for in paragraph 1 above.

- *27 - Each such distributor shall pay to producers (including new producers) on or before the th day of each delivery period for milk delivered by such producers during the preceding delivery period subject to adjustments and deductions which are to be made
- *18 - pursuant to Sections and of this Exhibit:

- (a) to producers at the blended price for the quantity of milk delivered by each producer represented by such producer's delivered base; and
- (b) to producers at the Class III price for the quantity of milk delivered by such producers in excess of such producers' delivered bases;

- *10 - (c) to new producers at the price provided in Section .

Provided that no provision in this License shall be construed as controlling or restricting any producers' cooperative association, licensed as a distributor under this License, with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members; but no such deductions or charges may be made by any such producers' cooperative association from any of its members, to meet a current operating loss incurred by such producers' cooperative association in its processing or distribution operations unless (a) expressly and specifically authorized by any such member to make such deduction or charge for such purpose, and (b) the producers' cooperative association notifies the Market Administrator of the same.

7. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the total value of the quantity of milk reported as received, sold, distributed or used by such distributor during the preceding delivery period computed pursuant to subdivision (a) of paragraph 5; and
- (b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 4 (excluding milk delivered by other distributors) on the basis of the prices to be paid to producers (and new producers) pursuant to paragraph 6.

- 5. On or before the th day of each delivery period the Market Administrator shall notify all distributors who have reported pursuant to paragraph 3, of the blended price which all producers are to be paid for the milk delivered to such distributors during the preceding delivery period.

- *17 - Each such distributor shall pay to producers (including new producers) on or before the th day after the end of each delivery period for milk delivered by such producers during such delivery period, subject to adjustments and deductions which are
- *18 - to be made pursuant to Sections and of this Exhibit:

- (a) to producers on the basis of the foregoing blended price; and

- (b) to new producers on the basis of the price provided in Section .

*10 -

Provided that no provision in this License shall be construed as controlling or restricting any producers' cooperative association, licensed as a distributor under this License, with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members; but no such deductions or charges may be made by any such producer's cooperative association from any of its members, to meet a current operating loss incurred by such producers' cooperative association in its processing or distribution operations unless (a) expressly and specifically authorized by any such member to make such deduction or charge for such purpose, and (b) the producers' cooperative association notifies the Market Administrator of the same.

6. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the total value of the quantity of milk reported as received, sold, distributed or used by such distributor during the preceding delivery period computed pursuant to subdivision (a) of paragraph 4; and

- (b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 3 (excluding milk delivered by other distributors) on the basis of the prices to be paid to producers (and new producers) pursuant to paragraph 5.

*19 -

4. With respect to each delivery period, the Market Administrator shall:

*16 -

(Note that in non-base-surplus markets there are four situations for which different sets of computations are required. Care should be taken that the form of computation selected contains appropriate language to fit the market facts. Check all references to paragraphs, subdivisions and sections and be certain that the language also fits the appropriate pool plan. The completion of this paragraph 4 should be left to the Dairy Section.)

(b) On or before the th day of each delivery period, each distributor who produces milk distributed by him as whole milk or cream shall submit reports to the Market Administrator containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk produced by such distributor and sold during such delivery period as Class I, Class II and Class III milk.

Each such distributor shall be obligated to account to the Market Administrator for all of his sales of Class I, Class II and Class III milk, at the prices indicated in paragraph 1 of this Section, except that a distributor who neither

- (1) sells any part of the milk produced by him to other distributors (other than those who operate only stores or similar establishments) or to manufacturing plants, nor
- (2) purchases milk from other producers or distributors for distribution as whole milk or cream,

*15A - shall as to each delivery period receive an exemption for that daily average volume of his sales and uses up to and including pounds of milk (such amount to be adjusted from time to time by the Market Administrator so as to approximate the average amount of Class I and Class II milk handled per retail route by all distributors), which exemption shall be ratably deducted from such distributors' Class I, Class II, and Class III sales or uses in proportion to the respective total amounts of sales in such classes. No exemption made pursuant to this subdivision shall be included by the Market Administrator in his computations made pursuant to Paragraph 4 hereof.

Nothing contained in this subdivision shall be construed to mean that the aforesaid exemption shall apply to any distributor other than an individual who produces milk distributed by himself as whole milk or cream.

All the information furnished the Market Administrator pursuant to this paragraph 3, shall remain confidential in accordance with the provisions of the General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

*30 - SECTION B. Adjustments in Payments to Producers.

1. Each distributor shall make the following payments in addition to, or make the following deductions from, the prices to
 *31 - be paid producers (including new producers) pursuant to paragraph
 - of Section A:

- If any producer has delivered to any distributor,
 - during any delivery period, milk having an average
 - butterfat content other than per cent, such
 - distributor shall pay to each such producer
 - cents per hundred pounds for each 1/10th of 1 per
 - cent of average butterfat content above, or shall
 - be entitled to deduct cents per hundred pounds
 - for each 1/10th of 1 per cent of average butterfat
 - content below per cent.

2. Any distributor may, with the prior approval of the
 Market Administrator, make payments to producers in addition to the
 - prices provided for in paragraph of Section A, provided that such
 additional payments are made to all the producers supplying such
 distributor with milk of similar quality and grade. No distributor
 may accept services from or render services to a producer or an
 association of producers from whom he is purchasing milk without
 making a reasonable payment or charge, as the case may be, for such
 services.

(Transportation and country plant differentials)

*32 - SECTION B. Adjustments in Cost of Milk to Distributors.

Each distributor shall make the following deductions from the prices to be paid for milk purchased as provided in paragraph 1 of Section A:

*33 -

Unless the prior written consent of the Market Administrator is obtained for some other basis of computation the adjustments in the cost of milk to distributors made pursuant to this Section, shall be computed on the following basis:

- (a) the milk which was delivered to each distributor at locations in or nearest to the Sales Area, to the extent necessary to supply each such distributor with the milk sold, distributed or used by him as Class I milk, shall be classified as Class I milk;
- (b) any excess beyond that quantity of milk classified pursuant to subparagraph (a) above, delivered to each distributor at locations in or nearest to the Sales Area, to the extent necessary to supply each such distributor with the milk sold, distributed or used by him as Class II milk, shall be classified as Class II milk.

For Base-Surplus Markets

2. Class I milk means all milk sold or distributed by
- distributors as whole milk for consumption in the
Sales Area.

- Class II milk means all milk used by distributors to
produce cream for sale or distribution by distributors as cream
- for consumption in the Sales Area.

Class III milk means the quantity of milk purchased,
sold, used or distributed by distributors in excess of Class I
and Class II milk.

- Milk delivered to a distributor by producers during
any delivery period and sold or distributed as milk or cream out-
- side the Sales Area or sold by such
distributor to another distributor (including any person who sells,
uses or distributes such milk or cream for ultimate consumption in
any market with respect to which no License is in effect pursuant
to Section 8 (3) of the Act covering such purchase from producers
and such sale as milk or cream) shall be accounted for by the first
distributor as Class I or Class II milk, respectively, unless such
first distributor, on or before the date fixed for filing reports
with the Market Administrator for such delivery period shall furnish
to the Market Administrator proof satisfactory to the Market Adminis-
trator that such milk or cream has been utilized for a purpose other
than sale, use or distribution for ultimate consumption as milk or
cream, in which event such milk or cream shall be classified in accord-
ance with such other use.

- Any distributor who does not sell or distribute whole milk
- for ultimate consumption in the Sales Area
may purchase milk from producers who do not have established bases.
Such distributor

1. The first part of the report is devoted to a general survey of the situation in the country.

2. The second part of the report is devoted to a detailed analysis of the economic situation in the country.

3. The third part of the report is devoted to a detailed analysis of the social situation in the country.

4. The fourth part of the report is devoted to a detailed analysis of the political situation in the country.

5. The fifth part of the report is devoted to a detailed analysis of the cultural situation in the country.

6. The sixth part of the report is devoted to a detailed analysis of the scientific situation in the country.

7. The seventh part of the report is devoted to a detailed analysis of the educational situation in the country.

8. The eighth part of the report is devoted to a detailed analysis of the health situation in the country.

9. The ninth part of the report is devoted to a detailed analysis of the environmental situation in the country.

10. The tenth part of the report is devoted to a detailed analysis of the international situation in the country.

11. The eleventh part of the report is devoted to a detailed analysis of the future prospects of the country.

12. The twelfth part of the report is devoted to a detailed analysis of the conclusions of the report.

13. The thirteenth part of the report is devoted to a detailed analysis of the appendixes.

Balances due to the Market Administrator on adjustment accounts with respect to milk purchased during any delivery period - shall be paid to the Market Administrator on or before the th day of the following delivery period. Any funds so paid to the Market Administrator shall, as soon as reasonably possible, be paid out by him pro rata among the distributors in proportion to the amounts of adjustments to which they are entitled.

7. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.

*20 -

8. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and - tests determined by the Market Administrator and/or , settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

For Base-Surplus Markets

- (a) shall not sell cream to other distributors for distribution and ultimate consumption in the Sales Area at a price less than the price at which such distributor sells similar cream for distribution and ultimate consumption nearest the location where milk is processed into such cream by such distributor, plus the reasonable cost of transporting such cream to the Sales Area;
- (b) shall not be subject to any of the terms or provisions of this Exhibit except as set forth in subdivision (a) above, with respect to milk purchased from producers who do not have established bases, but
- (c) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 4 hereof, which information shall be kept confidential in the manner provided in such paragraph.

3. The established base for each producer shall be the quantity of milk allotted to such producer in accordance with the provisions of Exhibit B.

The delivered base for each producer shall be that quantity of milk delivered by such producer to distributors which is not in excess of the established base of such producer.

The delivered base for each distributor required to report pursuant to paragraph 4 (b) shall be the quantity of milk produced by such distributor and sold, used or distributed by him as Class I, Class II and Class III milk which is not in excess of the established base of such distributor. For the purpose of such computations and adjustments the amount of exemption to which any distributor is entitled pursuant to the terms of paragraph 4 (b) shall be ratably deducted from (a) such distributor's total sales and uses not in excess of his established base, and (b) such distributor's total sales or uses in excess of his established base.

- 4. (a) On or before the th day of each delivery period each distributor, to whom milk or cream was delivered during the preceding delivery period by (1) producers (who are not also distributors) and/or (2) distributors (other than those who operate only stores or other similar establishments), shall report to the Market Administrator with respect to milk delivered during such delivery period in a manner prescribed by the Market Administrator:

*15 -

- (1) The actual deliveries (at each location) of the producers (and new producers) supplying such distributor, the total quantity of milk represented by the delivered bases of all such producers, and the total quantity of milk represented by the excesses over delivered bases of all such producers;
- (2) The actual deliveries, if any, made to him by other distributors;
- (3) The quantities of milk delivered which were sold, used or distributed by him as Class I, Class II and Class III milk, respectively; and
- (4) Such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

- (b) On or before the th day of each delivery period, each distributor who produces milk distributed by him as whole milk or cream shall submit reports to the Market Administrator containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk produced by such distributor and sold during such delivery period as Class I, Class II and Class III milk.

Each such distributor shall be obligated to account to the Market Administrator for all of his sales of Class I, Class II and Class III milk, at the prices indicated in paragraph 1 of this Section, except that a distributor who neither

- (1) sells any part of the milk produced by him to other distributors (other than those who operate only stores or similar establishments) or to manufacturing plants, nor

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- (2) purchases milk from other producers or distributors for distribution as whole milk or cream,

shall as to each delivery period receive an exemption for that daily average volume of his sales and uses up to and including pounds of milk (such amount to be adjusted from time to time by the Market Administrator so as to approximate the average amount of Class I and Class II milk handled per retail route by all distributors), which exemption shall be ratably deducted from such distributors' Class I, Class II, and Class III sales or uses in proportion to the respective total amounts of sales in such classes. No exemption made pursuant to this subdivision shall be included by the Market Administrator in his computations made pursuant to paragraph 5 hereof.

Nothing contained in this subdivision shall be construed to mean that the aforesaid exemption shall apply to any distributor other than an individual who produces milk distributed by himself as whole milk or cream.

All information furnished the Market Administrator pursuant to this paragraph 4 shall remain confidential in accordance with the provisions of the applicable General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

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For Base-Surplus Markets

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Balances due to the Market Administrator on adjustment accounts with respect to milk purchased during any delivery period shall be paid to the Market Administrator on or before - the th day of the following delivery period. Any funds so paid to the Market Administrator shall, as soon as reasonably possible, be paid out by him pro rata among distributors in proportion to the amount of adjustments to which they are entitled.

8. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.

*20 - 9. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and - tests determined by the Market Administrator and/or

settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

for the succeeding delivery period, and to the extent that it may be practical, the Market Administrator shall waive a portion of such deduction for the succeeding delivery period as hereinabove provided.

(b) The payments made pursuant to paragraph 2 shall be retained by the Market Administrator in a separate fund and shall be expended by him for the purpose of securing for producers who are not members of the Association, market information, supervision of weights and tests, guarantee against failure by distributors to make payments for milk purchased, and other similar benefits; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such funds in such amount as he may determine to such agent or agents for the purpose of securing to such nonmembers the aforementioned benefits, if such benefits to nonmembers may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to such agent or agents, if he determines to do so, only upon the consent of such agent or agents: (a) to keep its or their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its or their books and records, and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided.

(c) Whenever the Market Administrator has a balance on hand in either of the accounts provided for in subdivisions (a) and (b) of this paragraph, he may distribute such balance, or any part thereof, in an equitable manner, among the producers (including new producers); provided, however, that any such distribution of the balance in the account provided for in subdivision (a) shall be made - to all producers (including new producers), and any such distribution of the balance provided for in subdivision (b) shall be made only to - all producers (including new producers) who are not members of the Association.



3. No distributor shall purchase milk from any producer unless such producer authorizes such distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, on and in accordance with forms of reports to be supplied by him, for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this License and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this License are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms of reports, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

5. No distributor shall purchase milk or cream from, or process or distribute milk or cream for, or sell milk or cream to, any other distributor who he has notice is violating any provision of this License, without first reporting such violation to the Market Administrator.

6. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the powers provided in this License to be exercised by the Secretary.

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11. In the event this License is terminated or amended by the Secretary, any and all obligations which shall have arisen, or which may thereafter arise in connection therewith, by virtue of or pursuant to this License, and any violations of this License which may have occurred prior to such termination or amendment, shall be deemed not to be affected, waived or terminated by reason thereof, unless so expressly provided in the notice of termination of, or the amendment to this License.

IN WITNESS WHEREOF, I, _____, Secretary of
Agriculture, do hereby execute in duplicate and issue this License
in the City of Washington, District of Columbia, on this
day of _____, 1934, and pursuant to the provisions
hereof, declare this License to be effective on and after 12:01
A. M., Eastern Standard Time, _____, 1934.

Secretary of Agriculture

